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August 2010 Monthly Report for MTC

**To: Steve Heminger, Executive Director
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**From: Tom Bulger, President
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Re: Monthly Report for September 2010

- **FY 2011 Transportation Appropriations**
- **Surface Transportation Authorization Update**
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- **Congress, the Administration, and Transportation Stakeholders**
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Fiscal Year 2011 Transportation Appropriations

Congress is set to adjourn from its pre-election session by Friday, October 1st — the first day of the new fiscal year. Currently, no budget resolution has been approved, nor have any of the twelve FY 2011 appropriations bills (although both the House and the Senate passed their FY 2011 Transportation, Housing, and Urban Development Appropriations legislation in late July, they have not yet been conferenced and signed into law). Thus, the Senate Appropriations Committee is drafting a stopgap continuing resolution (CR) to extend discretionary appropriations into FY 2011. This legislation, the Senate amendment to H.R. 3081, will extend transportation funding at FY 2010 levels through December 3, 2010. Congress will then need to move on final passage of FY 2011 appropriations before the CR expires when they return after the November election.

Below is a brief summary of the proposed FY 2011 House and Senate Transportation, Housing and Urban Development Appropriations bills:

	House (H.R. 5850)	Senate (S. 3644)
Budget Authority FY2010	\$67,900,000,000	\$67,900,000,000
Budget Authority FY 2011	\$67,400,000,000	\$67,900,000,000
President's Request	\$68,740,000,000	\$68,740,000,000
Total FY 2011 Earmark Requests — SF Bay Area	\$62,240,000	\$53,415,000

Surface Transportation Authorization Update

The law directing federal surface transportation programs and policies, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), expired in September 2009. In the absence of a new transportation authorization bill, SAFETEA-LU has been extended several times — the current extension expires December 31, 2010.

Congress is set to adjourn at the end of September and will return after the November election. The number of issues on the legislative calendar slated to be addressed when Congress returns in November (FY 2011 Appropriations, tax extenders, etc.) through the end of the calendar year indicate that Congress will not pass comprehensive transportation authorization legislation before December 31, 2010 — resulting in a sixth SAFETEA-LU extension. Conversations with staff from the Senate Environment and Public Works (EPW) Committee and the House Transportation and Infrastructure (T&I) Committee reinforce that prediction, as do comments from the Administration, and the transportation community as a whole. Nonetheless, both the Administration and Congress have indicated that surface transportation authorization will be a priority in the 112th Congress beginning on January 1, 2011.

Obama Administration's Transportation Infrastructure Announcement

On September 6, the President broached the subject of reauthorization with a proposal for \$50 billion in immediate stimulus investment for transportation infrastructure and a broad, “bullet point” outline of the Administration’s plan for surface transportation reauthorization legislation (see Attachment 1).

At the September 9 Intelligent Transportation Society of America (ITS America) Congressional Roundtable, Polly Trottenberg, Assistant Secretary for Transportation Policy at the Department of Transportation (DOT), discussed the President’s support for a 6-year surface transportation authorization frontloaded with \$50 billion in infrastructure investments. The specifics of the bill (beginning with the overarching policies) are yet to be determined. The Administration has said their proposal will include program consolidation, integration of rail into an overarching surface transportation bill, and a continued focus on livability principles. This legislation will be a pivot away from formulas/earmarks, and ideally will have an emphasis on “race to the top” policy in transportation. Taking a cue from the success of the Transportation Investment Generating Economic recovery (TIGER) program, the Administration will emphasize continued focus on efficiency and accountability (cost-benefit analysis for large projects).

The Administration supports an immediate infusion of \$50 billion into surface transportation infrastructure. This will serve as a frontloaded investment in addition to the funding for the six year authorization proposal (calculated at the FY 2011 or FY 2012 baseline), which will provide an element of security and stability for state and local transportation stakeholders. With the initial \$50 billion, the Administration wants to focus on near-term job creation and project outcomes. The press release emphasized maintenance and rehabilitation of the existing highway and transit systems and their commitment to transit expansion (New Starts); however, Ms. Trottenberg assured there would be sufficient funding spent on capacity expansion of both highways and transit.

The non-traditional inclusion of airport runways in the “surface transportation” infrastructure investment was a conscious decision by the Administration to invest in the largest jobs-creating projects (the Federal Aviation Administration’s jobs creation numbers were the highest coming out of the American Recovery and Reinvestment Act, ARRA). It is not a signal that airports as a whole will be incorporated in the future into the surface transportation program; however, it is indicative of the manner in which the Administration hopes to address issues in the future — with a focus on what makes the most sense policy-wise and economically.

On the financing side, the Administration has iterated its support for the creation of a National Infrastructure Bank, but at present the President is not proposing any comprehensive long-term funding mechanism that would alter the current gas tax. Secretary of Transportation Ray LaHood indicated in late September that the Administration’s full proposal will likely be introduced early next calendar year. Any movement on the Administration’s \$50 billion in immediate stimulus investment for transportation proposal will likely be delayed until next year.

Congress, the Administration, and Transportation Stakeholders

September has seen renewed interest in the surface transportation authorization. On September 28, the EPW Committee held a hearing focused on long-term transportation financing, and the President's announcement of \$50 billion in immediate stimulus investment for transportation officially opened the door for the Administration to begin discussions with Congress.

Following the announcement, Administration officials became more actively involved in authorization discussions with various transportation stakeholders. In September, the Brookings Institution and the Bipartisan Policy Center (among other organizations) hosted a number of surface transportation authorization-focused workshops and forums with speakers from both Congress and the Administration.

The Brookings Institution event, *Obama's Infrastructure Agenda: Understanding the Pillars*, included DOT Assistant Secretary Polly Trottenberg, who provided the administration's perspective; Rep. Rosa DeLauro, D-Conn., who spoke on congressional action; and Matt Strader, the state of Virginia's assistant secretary for transportation, who spoke about state infrastructure. Matthew Greenstone, professor of economics at MIT, was also among the speakers.

Of particular interest was Rep. DeLauro's discussion of her proposed legislation, H.R. 2521, the National Infrastructure Development Bank Act of 2009. The premise of this legislation is based on the United States' growth strategy to maintain global competitiveness. Fundamental Infrastructure Bank components include:

- the Bank as an independent entity (to avoid formulas and earmarks);
- strong financing capabilities to leverage both public and private investments;
- ability to issue long term bonds (30 year); and
- the Bank should have broad investment options with a range of projects, not just transportation infrastructure investments.

At the Bipartisan Policy Center's September 27 event, *Transitioning to a Performance-Based National Surface Transportation Program*, House T&I Committee Chairman, Rep. James Oberstar, D-Minn., spoke at length about his proposed template for authorization — the Surface Transportation Authorization Act of 2009. Mr. Oberstar also discussed the recommendations given by the National Transportation Commission, of which MTC's Executive Director Steve Heminger was a member. He emphasized the need for a financing mechanism to fund any authorization legislation. The discussion on transportation financing continued at another Bipartisan Policy Center event on transportation pricing and finance on September 29.

Build America Bonds Update

In late July, Rep. Sander Levin, D-Mich., Chairman of the House Ways and Means Committee, reintroduced a two-year extension of Build America Bonds (BABs) in his American Jobs and

Closing Tax Loopholes Act (H.R. 5893). This legislation has strong support in the House, from both the Ways and Means Committee Chair and Speaker Nancy Pelosi, D-Calif. In the Senate, Finance Committee Chairman Max Baucus, D-Mont., introduced a revised version of a tax extenders bill (H.R. 4849) on September 16. This legislation extends and expands the BABs program. A two-year extension through January 1, 2013 was part of the original tax “extenders” package (H.R. 4213) being considered by Congress. Although the extension was passed by the House, it was stripped from the bill in the Senate largely as a result of the estimated \$4 billion cost. There are no plans to bring this bill up for a vote before Congress adjourns.

TIGER II Update

On September 24, the Department of Transportation released an announcement regarding the overwhelming demand for TIGER II grants — the nearly 1,000 construction grant applications for more than \$19 billion far exceed the \$600 million in TIGER II dollars available for surface transportation infrastructure grants. In advance of the Administration’s announcement, a comprehensive delegation letter of support for MTC’s identified projects was sent to Secretary of Transportation Ray LaHood.

Throughout August and September we worked with the San Francisco Bay Area delegation to coordinate this letter to Secretary LaHood in support of MTC’s project priorities. The letter was signed by Senators Boxer and Feinstein and the 12 members of the San Francisco Bay Area House delegation (the letter is attached). The projects specified in the letter include:

- Improvements to the Bay Area Rapid Transit (BART) District’s Hayward Maintenance Yard, including expansion and modernization of the yard to help facilitate the extension of BART to Silicon Valley (\$20 million).
- The Green Transportation Initiative, which will improve seven bicycle and pedestrian corridors in Alameda & Contra Costa Counties, providing improved non-motorized access to key regional transit service (\$24.5 million).

MTC originally supported a \$15 million TIGER II project request for Candlestick Point/Hunters Point Shipyard; however, after receiving indication from the Secretary for Transportation that this project was a competitive candidate for a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan, the letter was changed to reflect support for this alternate funding.

September Meeting and Events Update

House Transportation and Infrastructure Committee

Throughout September we were in contact with staff from the House Transportation and Infrastructure Committee regarding transportation authorization and the status of the SAFTEA-LU extension.

Senate Environment and Public Works Committee

On September 29, we met with the Senate Environment and Public Works Committee to address surface transportation authorization and the SAFTEA-LU extension with the Minority staff.

Senate Banking, Housing, and Urban Affairs Committee

In September, we had a number of conversations with Senate Banking staff regarding authorization and transportation financing mechanisms. We have also discussed the Livable Communities Act.

Speaker Nancy Pelosi (D-CA)

On September 14, we met with Speaker Pelosi's staff to follow up on Build America Bonds and for the Speaker to sign on to the TIGER II delegation letter.

Congressman George Miller (D-CA)

This month we continued to work closely with Congressman George Miller's office to draft and send the delegation letter to Secretary LaHood indicating support for MTC's TIGER II project requests.

Congressman Mike Thompson (D-CA)

On September 9, we had a meeting with Congressman Mike Thompson's staff where we introduced MTC's regional rail agreement and gave a general introduction to MTC's history. Throughout the month we also continued to work to coordinate obligation of unspent earmark money to fund SMART.

ITS America Congressional Roundtable

On September 9, we attended at ITS America Congressional Roundtable. Polly Trottenberg led a discussion on the Administration's September 6 announcement, and more broadly about the outlook for the next surface transportation authorization.

Congressman Russ Carnahan (D-MO)/ITS Congressional Caucus

On September 9, we met with staff of Rep. Carnahan, Chair of the ITS Congressional Caucus. We discussed the release of the ITS legislation set to be introduced on September 28. This legislation was co-authored by ITS America, of which MTC's Ann Flemer is the chair. More information on this legislation will be included in next month's report.

Obama's Infrastructure Agenda: Understanding the Pillars

On September 16, we attended the Brookings Institution event called *Obama's Infrastructure Agenda: Understanding the Pillars*. Speakers included DOT's Assistant Secretary for Transportation Policy Polly Trottenberg, Rep. Rosa DeLauro, and Assistant Secretary for Transportation for the state of Virginia, Matt Strader.

Transitioning to a Performance-Based National Surface Transportation Program

On September 27, we attended the Bipartisan Policy Center's conference focusing on incorporating performance measures in the federal surface transportation program. The keynote speaker was Rep. Jim Oberstar, Chair of the House Transportation and Infrastructure Committee.

Evaluating Equity in Transportation Pricing and Finance

We represented MTC at a September 29 Bipartisan Policy Center conference on transportation pricing and finance.

Transportation for America's Equity Caucus Launch

On September 29, we attended the launch of the Equity Caucus. A number of members of Congress were present; among them were Rep. Elijah Cummings, D-Md., Rep. Corrine Brown, D-Fl., and Bay Area Rep. Barbara Lee, D-Calif.

White House Press Release

President's Proposal: Renewing and Expanding America's Roads, Railways, and Runways¹

The President today laid out a bold vision for renewing and expanding our transportation infrastructure – in a plan that combines a long-term vision for the future with new investments. A significant portion of the new investments would be front-loaded in the first year.

This plan would build on the investments we have already made under the Recovery Act, create jobs for American workers to strengthen our economy now, and increase our nation's growth and productivity in the future. At the same time, the plan would reform the way America currently invests in transportation, changing our focus to enhancing competition, innovation, performance, and real analysis that gets taxpayers the best bang for the buck, while moving away from the earmarks and formula debates of the past. In prior years, transportation infrastructure was an issue that both parties worked on together, and the Administration hopes the same can be true now.

Some of the tangible accomplishments of the President's plan over the next six years include:

- **ROADS**: Rebuild **150,000** miles of roads – renewing our commitment to the backbone of our transportation system;
- **RAILWAYS**: Construct and maintain **4,000** miles of rail – enough to go coast-to-coast;
- **RUNWAYS**: Rehabilitate or reconstruct **150** miles of runway – while putting in place a NextGen system that will reduce travel time and delays.

The President's plan would accomplish this through:

- **An up-front investment.** The President will work with Congress to enact a new up-front investment in our nation's infrastructure – an investment that would help jump-start additional job creation, while also laying the foundation for future growth. This initial investment would fund improvements in the nation's surface transportation, as well as our airports and air traffic control system.
- **A vision for the future.** The President proposes to pair this with a long-term framework to reform and expand our nation's investment in transportation infrastructure. Since the end of last year, when the last long-term surface transportation legislation expired, these investments have been continued on a temporary basis, even as the trust fund to finance them has fallen into insolvency. If we are to enjoy the benefits that come from a world-class transportation system, Congress must enact a long-term reauthorization that expands and reforms our infrastructure investments and returns the transportation trust fund to solvency. To jumpstart job creation, this long-run policy front-loads – through a \$50 billion up-front investment – a significant share of the new infrastructure resources.

¹ <http://www.whitehouse.gov/the-press-office/2010/09/06/president-obama-announce-plan-renew-and-expand-america-s-roads-railways->

As with other long-run policies, the Administration is committed to working with Congress to fully pay for the plan.

The long-term framework includes meaningful reforms:

- The establishment of an **Infrastructure Bank** to leverage federal dollars and focus on investments of national and regional significance that often fall through the cracks in the current siloed transportation programs;
- The integration of **high-speed rail** on an equal footing into the surface transportation program to ensure a sustained and effective commitment to a national high speed rail system over the next generation;
- **Streamlining, modernizing, and prioritizing** surface transportation investments, consolidating more than 100 different programs and focusing on using performance measurement and “race-to-the-top” style competitive pressures to drive investment toward better policy outcomes.
- Expanding investments in areas like **safety, environmental sustainability, economic competitiveness, and livability** – helping to build communities where people have choices about how to travel, including options that reduce oil consumption, lower greenhouse gas emissions, and expand access to job opportunities and housing that’s affordable.

Specifically, the President proposes to make the initial up-front investment in the following areas:

- **Roads.** The nation’s highways serve as the backbone of our transportation system. Many roads and bridges are in need of repair and expansion and many of the Americans who want to do this work face high unemployment right now. Our investments would be focused on modernizing the highway system’s critical assets while providing much-needed jobs.
- **Rail.** Many parts of transit systems have been allowed to fall into a state of ill-repair. The President’s plan would help address this by making a major new investment in the nation’s bus and rail transit system. The Administration is also committed to expanding public transit systems and would dedicate significant new funding to the “New Starts” program – which supports locally planned, implemented, and operated major transit projects. In addition, the Administration is committed to building on its investments so far in high-speed rail – constructing a system that will increase convenience and productivity, while also reducing our nation’s dependence on oil and cutting down on pollution. The President’s plan would also invest in a long-overdue overhaul of Amtrak’s fleet.
- **Runways & NextGen.** The Administration proposes to invest in our nation’s airports by improving their runways and other equipment and facilities. We also propose a robust investment in our effort to modernize the nation’s air traffic control system (NextGen). This investment will help both the FAA and airlines to install new technologies and,

among other improvements, move from a national ground-based radar surveillance system to a more accurate satellite-based surveillance system – the backbone of a broader effort to reduce delays for passengers, increase fuel efficiency for carriers, and cut airport noise for those who live and work near airports.

- **Infrastructure Bank.** The President proposes to fund a permanent infrastructure bank. This bank would leverage private and state and local capital to invest in projects that are most critical to our economic progress. This marks an important departure from the federal government's traditional way of spending on infrastructure through earmarks and formula-based grants that are allocated more by geography and politics than demonstrated value. Instead, the Bank will base its investment decisions on clear analytical measures of performance, competing projects against each other to determine which will produce the greatest return for American taxpayers.